

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2005-191-E - ORDER NO. 2007-626
SEPTEMBER 13, 2007

IN RE: Generic Proceeding to Explore a Formal)	ORDER ON
Request for Proposal for Utilities That are)	MANDATORY REQUEST
Considering Alternatives for Adding)	FOR PROPOSAL (RFP)
Generating Capacity.)	AND ORDER
)	ESTABLISHING
)	WORKSHOP

This matter before the Public Service Commission of South Carolina (“Commission”) concerns consideration of the appropriateness of Requests for Proposal (“RFPs”) for electric utilities that are considering alternatives for adding generating capacity. The Commission heard testimony in this docket on October 26, 2005. This testimony revealed a number of factors supporting a mandatory RFP for new generation as well as a number of factors suggesting a mandatory RFP is not necessary.

This tension is reflective of the differences seen in various states as to how, or even whether, a mandatory RFP for adding generating capacity should be required. Not all states require mandatory RFPs to fill new generation requirements, and testimony shows significant differences in the implementation and requirements of states that do. After reviewing the record in this case, we hold that it is in the best interest of the electric ratepayers of South Carolina and the regulated community of electric utilities to only require mandatory RFPs for new peaking generation.

Foremost among the factors considered in this decision is maintaining the reliability and relative low cost of electricity enjoyed by consumers of electricity in our State. Other factors in our analysis included the need for regulated electric utilities to maintain a diverse generation mix and appropriate fuel diversity, the responsibility of utilities to maintain reliable and economical electricity supplies, and financial and transmission issues regarding some merchant generators. Furthermore, we have concluded from the record that the risk to reliable, low cost electricity increases in magnitude as mandatory RFPs are applied to peaking capacity, to intermediate capacity, and to baseload capacity requirements, respectively. Tr. 82-83, 86, 88, and 93.

However, we have also concluded from the record that a benefit does exist in testing the market for available generation as an additional option to a utility self-build proposal. Tr. 268-278. Therefore, in order to test competitive generation procurement opportunities without jeopardizing reliability or cost, RFPs will only be mandatory for new peaking generation requirements. Broad guidelines for these RFPs are as follows:

- Regulated electric utilities may bid on their own RFPs, although once the RFP criteria and relative weights are set for a specific generation requirement, they are not to be changed for that requirement;
- An RFP is not required if another RFP has been issued within the previous 18 months for the same peaking capacity;
- An independent bid evaluator is not required. However, a bidder may request that the South Carolina Office of Regulatory Staff (“ORS”) perform an audit

of the process, and the Commission may request that ORS be a party to the bid evaluation process;

- The utility must justify its selection, and ORS and the utility must certify the fairness and transparency of the process; and
- The Commission may overrule the selection for good cause.

In addition to the above, it is also ordered that the Commission's Docketing Department schedule a workshop as soon as practicable for the Commission to hear from the regulated community as well as other interested parties on how best to proceed with implementing the peaking RFP requirement in a way that is consistent with these broad guidelines. Once the workshop is held, the Commission will consider the matter further.

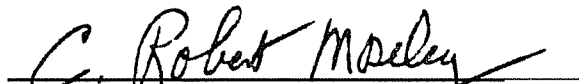
This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



G. O'Neal Hamilton, Chairman

ATTEST:



C. Robert Moseley, Vice Chairman

(SEAL)